As the countdown to lower loan limits for government-backed mortgages continues, **Rep. John Campbell (R-Calif.)** and Rep. Gary Ackerman (D-N.Y.) introduced a bill to extend the current conforming loan limits for two years.

Released on Friday, H.R. 2508, the Conforming Loan Limits Extension Act would keep loan limits at $729,750 in most neighborhoods for loans sold to the Government Sponsored Entities and those backed by the Federal Housing Administration (FHA).

"Housing makes up one sixth of the American economy and is a key component to our economic recovery," said Campbell in a statement. "H.R. 2508, the Conforming Loan Limits Extension Act, will ensure that qualified homebuyers in this country continue to have access to the financing they need at a time when there are few alternatives. This will not only help to stabilize home prices, but would also provide for continued recovery in the broader economy."

Several trade groups have urged Congress not to reduce loan limits at this time, fearing it would reduce the availability of mortgage loans across the country and increase the cost of capital to consumers. A report from the Department of Housing and Urban Development said loan limits will likely decline in 669 of the 3,334 counties across the U.S.

The future loan limit for reverse mortgages insured by FHA remains up in the air as well. HUD has said the topic is under review but hasn't given any timeline on when to expect a decision.

The bill has been referred to the House Committee on Financial services and both lawmakers said they expect a hearing prior to October —the date loan limits are scheduled to change.

"The housing market does not need a self-inflicted wound," said Ackerman. "With the economy remaining fragile and the housing sector still struggling to recover, now is not the time to make the cost of mortgages more expensive."